

Message Text

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ACTION OPIC-06

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E.O. 11652: N/A
TAGS: EFIN, EINV, GH, US
SUBJ: UNION CARBIDE FILES OPIC INSURANCE CLAIM

(A) STATE 108127; (B) ACCRA MEMCONS OF APRIL 6 AND 25

1. WE HAD LEARNED INFORMALLY FROM A UNION CARBIDE (GHANA) LTD. OFFICIAL HERE OF UNION CARBIDE'S FILING OF AN IN-CONVERTIBILITY INSURANCE CLAIM WITH OPIC FOR (ABOUT) DLS 250,000. THE AMOUNT OF UNREMITTED DIVIDENDS DECLARED FOR THE FIRM'S 1976 ACCOUNTING YEAR. UNION CARBIDE HAS DLS 750,000 IN INCONVERTIBILITY INSURANCE. THE 1976 DIVIDEND WAS DECLARED IN EARLY 1977, AND UNION CARBIDE APPLIED IN MAY 1977 FOR THE NECESSARY FOREIGN EXCHANGE NEEDED TO REMIT THIS DIVIDEND. THE BANK OF GHANA (CENTRAL BANK) HAS NOT YET AUTHORIZED THIS REMITTANCE. THE UNION CARBIDE DIVIDEND FOR 1977 IS DLS 750,000.

2. COMMENT/DISCUSSION. THIS IS, SO FAR AS WE ARE AWARE, THE FIRST SUCH OPIC CLAIM FILED FOR GHANA. ASSUMING THAT THE BANK OF GHANA DOES NOT ACT QUICKLY (AND ITS RECENT RECORD STRONGLY SUPPORTS THIS ASSUMPTION), THE CLAIM WILL BE PAID, WITH A FURTHER ADVERSE EFFECT ON GHANA'S DETERIORATING INTERNATIONAL CREDIT STANDING. WE ASSUME THIS IS ON ONLY MODEST IMPORTANCE TO OPIC AND THE USG GENERALLY. THERE IS LITTLE WE CAN DO TO REVERSE THE CURRENT ECONOMIC MIS-

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PAGE 02 ACCRA 03482 020846Z

MANAGEMENT HERE WITH ITS SHARPLY ADVERSE EFFECT ON THE ALLOCATION OF FOREIGN EXCHANGE RESOURCES (SEPTTEL). HOWEVER, AN OFFICIAL USG EXPRESSION OF INTEREST IN THIS OPIC MATTER MIGHT WELL HELP UNION CARBIDE OBTAIN ITS 1976 MONEY, THEREBY SAVING OPIC MONEY, PERHAPS IMPROVING UNION CARBIDE'S CHANCES OF OBTAINING WITHOUT UNDUE DELAY ITS FULL 1976 DIVIDEND, AND AVOIDING THE ADVERSE EFFECT ON GHANA'S

CREDIT STANDING WHICH PAYMENT OF AN OPIC CLAIM WOULD HAVE.

3. UNION CARBIDE OFFICIALS HERE HAVE STRESSED THAT ANY
USG APPROACH ON THEIR BEHALF SHOULD BE DISCUSSED WITH
OFFICIALS OF THE PARENT COMPANY IN THE U.S. (FYI UNION
CARBIDE OFFICERS HERE WISH TO MINIMIZE THE
EFFECT ON UNION CARBIDE GHANA OF ANY POLITICAL FALL-OUT
FROM SUCH APPROACH. END FYI).

4. RECOMMENDATION. ACCORDINGLY, WE RECOMMEND (1) THAT
SUCH A POSSIBLE APPROACH BE DISCUSSED WITH UNION CARBIDE IN
THE US; ASSUMING NO OBJECTION THERE, (2) THAT WE BE
INSTRUCTED TO URGE THE BANK OF GHANA GOVERNOR AND OTHER
RELEVANT GOG OFFICIALS TO AUTHORIZE REMITTANCE OF UNION
CARBIDE'S 1976 DIVIDEND TO AVOID THE CONSEQUENCES OF PAY-
MENT OF AN OPIC CLAIM AND, BY SUBROGATION, ITS BECOMING
A USG CLAIM AGAINST THE GOG. SMITH

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